

SENATOR SALAZAR PROVISIONS IN THE FARM, CONSERVATION, AND ENERGY ACT OF 2008

GROWING OUR ENERGY AND RURAL ECONOMIES

Cellulosic Biofuels Tax Credit – Cellulosic biofuels have the potential to displace 3 billion barrels of oil annually, equivalent to 60 percent of our country's yearly consumption of oil in the transportation sector, without affecting our need for food, feed or fiber. Cellulosic biofuels are made by releasing the sugars locked in the cell structure of plants – wood, grasses, dedicated energy crops, agricultural waste – even yard clippings – and fermenting that sugar into fuel, or by converting the biomass into a synthetic gas which can be converted to liquid fuels or used to generate electricity.

- **Senator Salazar Provision:** The 2008 Farm Bill includes a Salazar-sponsored \$1.01/gallon production tax credit through 2012 for biofuels produced from renewable cellulosic feedstock. This is a first-of-a-kind incentive and received broad bi-partisan support in Committee and in the Senate.

Geothermal Ground Loop Eligibility – Constituents in Colorado (including rural electric organizations) were reporting difficulty in accessing USDA Rural Electric program funding for these projects.

- **Senator Salazar Provision:** Senator Salazar included a provision to ensure that geothermal ground loops are indeed eligible for electric loans under the USDA Rural Electric program.

Hydroelectric Power – Hydroelectric power contributes 7 percent of our nation's energy. DOE estimated in 2006 there are 5,400 potential small hydro projects in the U.S. which, if developed, could increase U.S. annual hydro power generation by more than 50 percent.

- **Senator Salazar Provision:** Senator Salazar included a provision in the Farm Bill that ensures that 'hydroelectric' is included in the definition of renewable energy. This clarification will make sure that small, low-impact hydro projects and geothermal projects are included in the list of projects that will be eligible for loans and grants.

Creating grants for Biochar – Biochar is an organic carbon product -- a form of charcoal -- formed from the combustion of forest or agricultural biomass in the absence of oxygen. When used as a soil amendment, biochar replaces some fertilizer inputs and boosts crop productivity and soil fertility, and increases nutrient bioavailability to plants and crops. It also forms virtually permanent soil carbon pools, and is one of the only true "carbon-negative" technologies at our disposal now to help combat climate change. Biochar production process also creates bioenergy in the form of bio-oils or syngases, which can be utilized on the farm, or transported for sale elsewhere.

- **Senator Salazar provision:** Senator Salazar successfully incorporated a Biochar Research Program as a new, high-priority research and extension area in the 2008 Farm

Bill. The program is the first federal support program for biochar research and development in the world, at a time when international interest in biochar is escalating. The program will help support on-farm biochar production and utilization systems, which also co-produce energy for on-farm use.

Renewable Energy Collaboratory – The State of Colorado is home to world class research institutes including the Department of Energy’s National Renewable Energy Laboratory in Golden.

- **Senator Salazar Provision:** Senator Salazar included a recommendation in the conference report that encourages the Secretary of Agriculture to utilize the Renewable Energy Collaboratory when carrying out the Agricultural Bioenergy and Biobased Products Research Initiative.

CONSERVATION

Producer Group Projects Provision – This grassroots, common-sense idea came from several Colorado organizations that saw a need to allow producers to apply for conservation programs as a group in order to realize the full benefits of a conservation effort through more efficient delivery and reduced paperwork.

- **Senator Salazar Provision:** Senator Salazar worked to include a provision that will allow the Secretary to accept and fund conservation-related projects that are submitted by a group of producers, local governments, conservation districts, and nongovernmental organizations.

Local Preference in Conservation Reserve Program Contract Offers – During multiple Farm Bill listening sessions conducted by Senator Salazar in Colorado, the issue of CRP payments to absentee landowners came up. Many communities felt that having idled land with the payments going out of the region created a hole in local economies and that some type of preference for local landowners would be appropriate.

- **Senator Salazar Provision:** Senator Salazar included a provision in The Farm Bill that directs USDA, to the maximum extent practicable, to consider local land ownership in awarding contracts, without intruding on the current environmental benefits index systems.

South Platte River Well Shut Down Assistance - Conservation Reserve Program Exclusion from 25% County Cap Provision. In 2006, the State of Colorado ordered producers along the South Platte River to shut down their groundwater wells as a result of a long term water shortage. In this arid area dryland production is not an option and producers were left with idle fields full of weeds. The majority of affected producers reside in Weld County, CO where there is no opportunity to seek a soft landing by enrolling their lands in CRP.

- **Senator Salazar Provision:** Senator Salazar worked to include recommendations in the conference report that recognized that a loss of access to water by agricultural producers

can significantly impact conservation needs and local economies, and that producers need access to a wide range of conservation programs to help comply with a State or local law, order, or regulation prohibiting water use for agricultural production. Therefore, the conference report recommends that when the Secretary of Agriculture is making any determination on the applicability of the 25% county cropland CRP enrollment limitation, the Secretary maintain the maximum flexibility for the enrollment of acreage in CRP that cannot be used for an agricultural purpose or is precluded from planting as a result of a State or local law, order, or regulation prohibiting water use for agricultural production.

Excluding Conservation Reserve Enhancement Program (CREP) Acreage from CRP 25% County Cap – In eastern Colorado the Republican River and High Plains CREPs are helping producers address two priority issues. However, producers in at least two counties are unable to enter into the CREP as their counties are already at the 25% county cap.

- **Senator Salazar Provision:** Senator Salazar included a provision in the Farm Bill that would ensure that the Secretary would have the ability to grant a waiver to lift the 25% county cap if there is concurrence with the county government that this waiver should be made and the county government submits a request to grant such a waiver.

RURAL DEVELOPMENT

Micro Enterprise Loans – Senator Salazar consistently heard from constituents that many beginning entrepreneurs in rural areas had difficulty competing for loans and grants in USDA's rural development programs.

- **Senator Salazar Provision:** Senator Salazar helped secure \$15 million in mandatory spending for the Micro Enterprise Loan program, which provides technical assistance and small loans and grants to beginning rural entrepreneurs. Micro Enterprise Loans will provide incentives for beginning entrepreneurs to open their businesses in rural communities, thereby creating jobs and decreasing the rates of rural out migration.

Mutual Ditch Tax Fix – Mutual ditch companies are unique corporations, organized as non-profit organizations solely for the convenience of their members in managing a joint water distribution system. The shareholders are often farmers and ranchers who have an exclusive right to use the ditch company's water in direct proportion to the number of shares they own.

- **Senator Salazar Provision:** Senator Salazar included a provision in the Farm Bill that will clarify that exchanges involving shares of stock in mutual ditch companies should be tax-free.

FARM BILL REFORM

Cowboy Starter Kits - Base Acre Reduction Provision – It has been widely reported that land that has been developed for residential purposes and is no longer used for agricultural purposes has continued to receive commodity program payments based on its historical base acreage.

- **Senator Salazar Provision:** A Salazar/Ben Nelson provision included in The Farm Bill will ensure that this loophole is closed by eliminating payments to cropland that has been subdivided for non-farming uses such as housing developments.

PROTECTING COLORADO

FSA Offices, South Plate River Farmers, Republican River Farmers, and the Colorado River Basin States Salinity Program

Keeping Colorado FSA Offices Open – Earlier this year, there were reports that the Farm Service Agency was proposing to close the FSA offices in Bent, Larimer, Rio Grande, Conejos and El Paso Counties.

- Senator Salazar worked to include a provision in the Farm Bill that ensures all Colorado FSA office would remain open for at least two years.

Skip Row Planting Crop Insurance Review – Dryland corn producers on the Great Plains are beginning to utilize skip row planting practices that are proving to significantly increase yields with no apparent downside. These findings have been reported by the Agricultural Research Service. However, producers who choose to utilize these practices are being offered crop insurance that penalizes them for utilizing this technique based on the misplaced notion that skip row fields should be insured at 50–66% of their traditional yield despite the research showing this technique does not reduce yield.

- **Senator Salazar Provision:** Senator Salazar included a provision in The Farm Bill that will allow USDA's crop insurance program to begin research into needed modifications of crop insurance policies to insure corn and sorghum produced in the Central Great Plains through the use of skip row planting. Specifically, the research will (1) existing research on skip row practices and actual production history of producers using skip row cropping practices; and (2) evaluate the effectiveness of risk management tools for producers using skip row practices.

Alfalfa Provision – Colorado producers have experienced difficulty enrolling irrigated alfalfa lands into the Republican River Conservation Reserve Enhance Program (CREP) due to a USDA definition issue.

- **Senator Salazar Provision:** Senator Salazar included a provision in the 2008 Farm Bill that clarifies the definition of eligibility and ensures that alfalfa cropland can be eligible.

Amendment to the Colorado River Basin Salinity Control Act – In 1974 Congress created the Colorado River Basin Salinity Control Program. At that time, the Act, required the Basin States to cost share through reimbursement. Through amendments to the Act associated with the 1996 Farm Bill, the Basin States were allowed upfront cost share in the Bureau of Reclamation (USBR) and Natural Resources Conservation Service (NRCS) salinity control activities. As the amendments did not specify the mechanism for spending these cost share dollars, USBR developed the Basin States Program. For eleven years this program has been an effective program in carrying out the mandates of the Act and bridging the gaps between the USBR and

NRCS programs. An internal review of the Salinity Control Program by USBR has questioned USBR's authority to administer the Basin States Program. The Colorado River Basin Salinity Control Forum understands that USBR intends to cease administering this important program, as it has been administered for the past eleven years, on September 30, 2007 unless or until specific authority is identified or granted. The impact of this policy change may be to not allow the Basin States to upfront cost share in the program. The upfront cost share represents 43 cents for every Federal dollar of appropriation for the agricultural salinity control program, and, if not continued, it will reduce the overall program by about \$8 million each year.

- **Senator Salazar Provision:** Senator Salazar included a provision in the 2008 Farm Bill that clarifies the Bureau of Reclamation's authority to administer on-farm financial assistance for salinity control activities in Colorado and throughout the upper Colorado River Basin.

Water Provisions – Both interstate and intrastate water shortages continue to be major issues in Colorado and there are several important Farm Bill conservation programs that direct funding toward these problems. That being said, states across the country compete for these funds out of the same pot of money, which can potentially mean less money for Colorado. Senator Salazar consistently heard from stakeholders about the need for increased funds for these important programs.

- **Senator Salazar Provision:** At Senator Salazar's insistence the Farm Bill conference report also includes recommendations that the USDA recognize that the Ogallala Aquifer is a critical source of groundwater for agricultural and municipal uses and, due to the scope of the aquifer, there is need for regional efforts to address groundwater management in the region. The report also recommends that USDA work with States and agricultural producers in the Ogallala region to coordinate Federal assistance with State programs and to encourage cooperation among States in implementing conservation programs and water reduction practices.